

ITEM: COUN 03 05/2019

DEPARTMENT OF FINANCE: *ANNUAL BUDGET FOR THE 2019/20 FINANCIAL YEAR*

(6/1/1 – 2019/20) (OM) (COUNCIL: 29 MAY 2019)

The Acting Director: Finance reports as follows:

The purpose of this report is to submit the annual budget for the 2019/20 financial year for approval by Council as prescribed in chapter 4 of the Municipal Finance Management Act (MFMA) and in terms of the guidelines issued by National Treasury circulars.

Section 24 of the MFMA prescribes that the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

The Integrated Development Plan (IDP) engagements which provide basis for the budget were held on 26 & 27 November 2018. The IDP consultative process with councillors and stakeholders was on 29 & 30 January 2019 in order to comply with section 21 (2) (a)&(b) of the MFMA. Furthermore, the budget steering committee held a working session with managers on 05, 06, 08 and 19 March 2019 to discuss inputs submitted for the compilation of the draft budget.

Subsequent to the tabling of the draft annual budget and IDP to Council on 27 March 2019, the municipality had the following consultative processes in line with the requirements of section 23 of the MFMA:

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|--|---------------|
| • Advertisement in local newspaper | 26 April 2019 |
| • National Treasury and other sector departments | 26 April 2019 |
| • Consultative meeting with councillors and stakeholders | 15 May 2019 |

The 2019/20 annual budget was prepared with conservative approach considering the South African economy growth rate that is stagnate at less than 2 per cent and high unemployment rate of 26.7 per cent. Therefore, the municipality demonstrates in the attached draft budget the improvement in the efforts to limit non-priority spending as well as implementing stringent cost-containment measures. The approach will ensure that the municipality set aside a funding to its local municipalities in assistance on the capital projects for the enhanced service delivery.

The municipality has not made provision for SAMSRA games in the 2019/20 budget as to limit non-priority items and in line with the adopted Cost Containment Policy. However, the municipality has included in the 2019/20 an amount of R8million from the savings of the 2018/19 operational expenditure to share equally to our four (4) local municipalities towards their capital assets (infrastructure projects) ensuring accelerated service delivery within the district.

National Treasury issued Municipal Budget and Reporting Regulations that applied to all the municipalities and municipal entities as from 01 July 2009. Schedule A of the regulations prescribe the table of contents of the municipal budget. The required table of content according to Schedule A is as follows:

- **Mayoral Budget Speech:** - High-level summary of the budget that draws on executive summary and highlights key deliverables during the coming years;
- **Budget Related Resolutions:** - Draft resolutions must be included with the budget documentation tabled to full council;
- **Executive summary** - Must explain the financial and service delivery implications and projected financial position that the budget will have on the operations of the municipality;
- **Budget:** - The budget includes the executive summary; budget schedules – operating & capital to be approved by council; and
- **Supporting Documentations:** - Budget process overview; alignment of budget with IDP; budget related policies – overview and amendments; budget assumptions; funding of the budget; disclosure on allocations made by municipality; disclosure of salaries, allowances and benefits; monthly cash flows by source; measurable performance objectives and disclosure on implementation of MFMA as well as other legislation.

1. 2019/20 financial year project rollovers are as follow:

Municipality	Project	Amount rolled over
Phokwane	EIA Guldenskat	R 220,000
Phokwane	Phokwane Infill Development	R 140,000
Frances Baard	Environmental Health Framework	R 200,000

The operating and capital budget for the 2019/20 financial year is attached for consideration and approval by Council (**bound separately**).

The Municipal Manager, in consultation with the Acting Director: Finance, recommends as follows:

RECOMMENDATIONS:

- 1. Council resolves that the annual budget of the municipality for the financial year 2019/20 as per budget related resolutions of the budget**

document and indicative for the projected outer years 2020/21 and 2021/22 be approved as set out in the following schedules:

- 1.1 Budget Summary – Table A1 (Pg. B 1);**
 - 1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table A2 (Pg. B2);**
 - 1.3 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B3);**
 - 1.4 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B4);**
 - 1.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) A – Table A3 (Pg. B5-B6);**
 - 1.6 Budgeted Financial Performance (revenue and expenditure) –Table A4 (Pg B7);**
 - 1.7 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B8);**
 - 1.8 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B9);**
 - 1.9 Budgeted Financial Position – Table A6 (Pg. B10);**
 - 1.10 Budgeted Cash Flows Table A7 (Pg. B11);**
 - 1.11 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B12);**
 - 1.12 Asset Management – Table A9 (Pg. B13);**
 - 1.13 Basic service delivery measurement table A10 (Pg. B14).**
- 2. Council notes the approved amended Integrated Development Plan for the budget year 2019/2020 as a separate item to Council;**
 - 3. Council approves the measurable performance objectives for revenue, expenditure and capital from each source reflected in Tables SA4 to SA6 for the budget year 2019/2020; and**
 - 4. Council notes that the SDBIP will be tabled to the Executive Mayor within the prescribed time frame as stipulated in the MFMA.**

RESOLVED:

- 1. Council approved the annual budget of the municipality for the financial year 2019/20 as per budget related resolutions of the budget document and indicative for the projected outer years 2020/21 and 2021/22 as set out in the following schedules:**

- 1.1 Budget Summary – Table A1 (Pg. B 1);
 - 1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table A2 (Pg. B2);
 - 1.3 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B3);
 - 1.4 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B4);
 - 1.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) A – Table A3 (Pg. B5-B6);
 - 1.6 Budgeted Financial Performance (revenue and expenditure) –Table A4 (Pg B7);
 - 1.7 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B8);
 - 1.8 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B9);
 - 1.9 Budgeted Financial Position – Table A6 (Pg. B10);
 - 1.10 Budgeted Cash Flows Table A7 (Pg. B11);
 - 1.11 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B12);
 - 1.12 Asset Management – Table A9 (Pg. B13);
 - 1.13 Basic service delivery measurement table A10 (Pg. B14).
2. Council noted the approved amended Integrated Development Plan for the budget year 2019/2020 as a separate item to Council;
 3. Council approved the measurable performance objectives for revenue, expenditure and capital from each source reflected in Tables SA4 to SA6 for the budget year 2019/2020;
 4. Council noted that the SDBIP will be tabled to the Executive Mayor within the prescribed time frame as stipulated in the MFMA; and
 5. Council resolved to include an amount of R500,000 towards the SAMSRA games in the 2019/20 final budget.



Ms. M. Bogatsu
Municipal Manager

30 May 2019

Date